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Montana's public retirement
systems: a brief history

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MONTANA'S PUBLIC RETIREMENT SYSTEMS

A Brief History

I

Introduction

At the January 21 meeting of the Public Employees' Retirement Systems Committee, several Committee members expressed an interest in a report on the manner in which the retirement systems were established and the manner in which benefit enhancements were awarded. The purpose of this report is to comply with these requests. This report was prepared by Ms. Linda King, Administrator of the Public Employees' Retirement Division of the DOA, with the assistance of Mr. Dave Senn, Administrator of the Teachers' Retirement Division of the DOA.

II

Establishment of Basic Systems

Early Local Plans. The first public pension plans to be established in Montana were individual, local pension plans established for (mostly volunteer) firefighters. The earliest of these plans was established in 1911, and over 75 of these plans still exist today. In 1927 some cities and towns began establishing small plans for their police officers. These early plans were established sporadically and had widely differing provisions and funding available.

Teachers. In 1937, the Legislature created the State Teacher Retirement System. This system paid an "annuity" to members (rather than the defined benefit currently provided), and paid a pension as a form of a defined benefit, at age 60 for a normal service retirement, with mandatory retirement at age 70. While the actual benefit paid depended on the member's actual contributions and earnings and their age at retirement, the average expected benefit for a person aged 60 with 35 years of service was around 1/2 of their final salary.

Public Employees. Ten years later, in 1945, two new retirement systems were enacted. The PERS was designed to be a comprehensive statewide public retirement system for general government employees and the Highway Patrolmen's Retirement System was established solely for members of the Montana Highway Patrol. The early PERS was designed to cover all state, university, local government and school district employees not already covered by a retirement system and was therefore open to all employees except teachers, highway patrol officers, police officers, and firefighters. Local government employees were eligible for PERS coverage if their employers elected to contract for coverage in the system.

Like the teacher's system, the early PERS was a "defined contribution" plan, paying an annuity to individual retirees based upon their contributions and interest, matched by an equal employer share. Members were eligible for normal retirement after attaining age 65 or 30 years of service

and were required to retire no later than age 75. Contribution rates varied from member to member, depending upon their age at the time of joining the system and their sex. Like the teacher's system, the rates were set in such a manner that it was hoped to provide an average benefit for members which was around 1/2 pay after 35 years of service.

The Highway Patrolmen's system, on the other hand, was set up to be a defined benefit plan, from the start. Members were promised a monthly benefit of 1/2 their "Final Average Salary" (which was the average of their last 5 years salaries) after serving at least 25 years in the patrol; they were required to retire no later than age 60. Members who were not able to work the full 25 years prior to reaching age 60 were eligible for a reduced "early out" benefit if they had served at least 20 years of service. Those involuntarily retired after at least 10 years of service were also eligible for an actuarially reduced benefit. While benefits were paid to retirees for life, no benefit continued to their survivors upon the retiree's death.

Investments. The three state systems established by this point (the mid 1940's) were administered by three separate retirement boards, the State Teachers' Retirement Board, the Board of Administration, and the Highway Patrolmen's Retirement Board. Each board invested the assets of the retirement systems, mainly in mortgages and some bonds, along with approving membership in and retirement from the systems.

Incremental Improvements. After establishment of the 3 statewide systems, succeeding legislatures made improvements to the benefits provided by the systems, but making no great changes. Incremental improvements included, reducing the vesting period from 25 and 20 years in TRS and PERS, respectively, to 10 years; reducing normal retirement eligibility in PERS from age 65 to age 60 (with 10 years of service); excluding elected officials and gubernatorial appointees from the mandatory retirement provisions of PERS; instituting disability retirement and death benefit provisions. Employer contribution rates were increased along the way to pay for the increased costs of providing the disability and death benefits.

Game Wardens. In 1963, a separate retirement system was established for state game wardens. The Game Wardens' Retirement System was the first of several system established to "peel off" member from the PERS and wardens were allowed the option of joining the new system or remaining in PERS. The GWRS Board were the same persons as comprised the Board of Administration (which administered PERS). Like the Highway Patrol system, the GWRS was established as a defined benefit plan, from the start. When members reached age 55 with at least 25 years of service, they were promised a benefit equal to 1/2 their final average salary. If they did not get 25 years in by age 55, they received an actuarially reduced early retirement benefit if they had achieved at least 20 years of service. To fund the new system at the time of establishment, \$129,069 was transferred from the PERS to the GWRS.

Judges. Four years later, in 1967, the second group of PERS members were "peeled off" when the legislature established the Judges' Retirement System. This system, too, was established as a defined benefit plan with member's received half-pay when they had served for 15 years in the Montana judiciary. Members were eligible for normal retirement at age 65, provided they



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had at least 5 years of service. At age 70, they were either required to retire or they would forfeit their retirement benefit. For those members who served for more than 15 years prior to reaching age 70, they were paid a benefit equal to 1 % of the final salary for each year of service over 15 years.

III

Modernization of the Original Plans.

"Defined Benefit Plans" were by now the trend in public plans across the country; three of the 5 Montana plans were already defined benefit plans which promised a specific benefit based upon a formula. In 1971, the Teachers' Retirement System was recodified and modernized with a 1/60 formula providing half-pay at 30 years of service. Employer contributions were increased to 4.5 % and employee contributions to 5 % of total compensation of members to fund this reorganized system.

During the following session in 1973, the PERS was recodified and modernized to also become a defined benefit plan, with a 1/65 formula (half pay in 32.5 years). Members were also allowed to choose optional forms of benefit payments (whereby a spouse or other contingent annuitant could be selected to receive continuing benefits upon the death of the retiree). Employee contribution rates were set at a flat 5.75 % of salary, regardless of age or sex.

And, in 1974, the Highway Patrol System was modernized and administration of the system was transferred to the Department of Administration and the Board of Administration (later to become the Public Employees' Retirement Board). The major change in the HPORS was a formula change which allowed members with more than 25 years of service to accrue additional benefits (at a rate of 1 % of FAS per year of service over 25) beyond half-pay. Employee contributions were increase from 5 % to 6.5 % of compensation to pay for the benefit enhancement package.

Board of Investments. During the 1973 session, the legislature created the Board of Investments which was charged with investing all state funds, including the public retirement trust funds which, up until this point had been invested and managed by the individual retirement boards.

Sheriffs. The final system to peel away from the PERS was the Sheriffs' Retirement System which was established by the 1974 legislature and was also administered by the same persons who formed the Board of Administration and who administered the PERS; the GWRS; and the JRS (all under separate board names). The SRS was established as a defined benefit plan with half pay promised at 25 years of service, providing the member was at least 55 years of age. Mandatory retirement occurred at age 65. Members not reaching 25 years of service were eligible for an actuarially reduced early retirement benefit with at least 20 years of service.

Those involuntarily terminating (not for cause) after 10 years of service were eligible for an involuntary retirement benefit, actuarially reduced from age 65. Employer contributions were set at 7.55% and employee contributions at 7% of total compensation. At the time the SRS was established, an actuarial valuation was conducted to determine the total liabilities of the new system and this total amount was taken from the PERS trust fund and deposited into the SRS. For this reason, the SRS has never had an unfunded liability; however, the assets removed from the PERS were disproportional to the amounts contributed to PERS on behalf of the members who were transferring out to the SRS. Therefore, the unfunded liabilities of the PERS grew significantly to pay for the new SRS system.

Consolidation of local police plans. During the 30 to 40 years that cities and towns had been establishing and administering pension plans for their police officers, funding for those systems came from local mill levies and from specific increases to certain insurance premium taxes. However, with widely varying tax bases and somewhat unsophisticated investment strategies, by the early 1970 many of the local police pension systems were in severe financial trouble.

The first effort to bolster the flagging local funds came with the establishment in 1974 of a statewide fund for reserve officers in first and second class cities. The legislation abolished the local boards of trustees and transferred all records to the Department of Administration and all quasi-judicial functions of the local boards to the Board of Administration. Employers were required to send 11% of the total compensation of their police officers to the Department and to remit 6% of their employee's compensation on behalf of the members. While the cities still determined when an officer was disabled, there were changes instituted. Some of the major changes instituted by the legislature in order to reduce the costs and increase the funding available to pay for benefits in the almost bankrupt local plans included:

- Prior to this time, local plans had allowed members to retire with 20 years of service; however, the new plan required members to also attain age 50 in order to be eligible for retirement. -- The benefit was set at half-pay at 20 years of service with an additional 1% of their final salary earned for each year over 20 that the member was required to work in order to attain age 50.
- The maximum benefit accrual was set at 60% of salary and officers were required to retire no later than age 65.
- While the local plans did not provide any type of refund to terminating members, the statewide fund allowed refunds (which even included interest if the member had at least 10 years of service).

However, it was not until 1975 when the Municipal Police Officers' Retirement System was actually established with full administration given over to the Board of Administration. Contribution rates were set at: State -- 12%; Employer -- 12%; and Employee -- 6% of each member's compensation. In addition, an actuarial valuation had been conducted to determine the excess unfunded liabilities from the old plans and schedules were set up whereby cities would pay off those additional unfunded liabilities. In 1979, however, it was determined that cities were unable to pay off those liabilities, so lump sum amounts were paid to the

retirement system from the tax premium fund over a period of years to help reduce those liabilities.

Firefighters. The same problems which befell many of the local police plans soon happened to the local fire plans. In 1981, the legislature established the Firefighters' Unified Retirement System and entrusted administration of this new statewide system to the Public Employees' Retirement Board (which had been so renamed during executive reorganization). The significant differences instituted by the legislature for the statewide system included:

- Setting employee contributions at 6%; employer and state (tax premium fund contributions) at 18% (phased in over several years -- from 12% to 15% to 18%).
- Reducing benefit formula from 2.5%/year for 1st 25 years to 2% per year for all years.
- While minimum benefit adjustments for current retirees would be paid directly from the tax premium fund, those benefit adjustments for current members who retired after the establishment of the new system would be actuarially funded by the system. Persons hired after the 7/1/81 were not promised any minimum benefit adjustment.

IV

Continuing Incremental Improvements.

After the establishment of the modernized plans in the of the '70's, the major retirement issues brought to the legislature consisted of ad hoc cost-of-living proposals brought by retirees and formula increases and retirement eligibility reductions by active members. Following are some of the more important enactments (a system by system chronological listing of benefit enhancements is also attached):

COLA's and Minimum Benefit Adjustments.

1971 First TRS ad hoc COLA

1973 TRS ad hoc COLA

1975 First PERS ad hoc COLA \$1/mo/yrs of service + \$2/mo/yrs retired (paid for by increasing employer contribution rates)

TRS ad hoc COLA

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| 1977 | PERS ad hoc COLA | 75 % of CPI index change (paid for by increasing employer contribution rates) |
| | TRS ad hoc COLA | Monthly retiree benefits increased by \$1/mo/yrs of service + \$2/mo/yrs retired (paid for by increasing employer and employee contribution rates; a later challenge and decision by the Montana Supreme Court later repealed the employee contribution rate increase. Employee contributions can not be increased to pay for an ad hoc COLA since the employee will never receive a benefit increase from an ad hoc COLA) |
| 1979 | PERS ad hoc COLA | Retiree monthly benefits increased by .45 % for each month the benefit was payable between 1/1/77 and 12/31/78. (No increase in employer contributions was provided; therefore, the period for amortizing the system's unfunded liabilities was extended.) |
| 1981 | ad hoc COLA -- all systems | Retirees monthly benefits increased by 50 cents/year of service, adjusted for early retirement or optional benefits chosen (paid by increasing employer contribution rates) |
| 1983 | PERS ad hoc COLA | Monthly retiree benefits increased by \$1/year of service credit (up to a maximum of \$30) for members retired before 7/1/81; or by \$.50/year of service credit (up to a maximum of \$15) for members retired on or after 7/1/81 but before 1/1/83). (Paid for by increasing employer contribution rates) |
| | FURS | Minimum Supplemental Benefit extended to retired members hired prior to 7/1/81 (actuarially funded) |
| 1985 | TRS ad hoc COLA | Monthly retiree benefits between \$500 and \$1000 were increased by \$.50/year of service; benefits less than \$500 were increased \$1/year of service. Minimum monthly benefit of \$400/month for persons retired before 7/1/71 with at least 30 years of service and was at least 60 at time of retirement. (actuarially funded) |
| | PERS ad hoc COLA | Monthly retiree benefits increased by a formula, up to a |

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| | | maximum increase of \$3/month. Monthly benefits of \$1,000 per month or more did not receive an increase. (actuarially funded by increased employer contributions) |
| | SRS ad hoc COLA | Monthly benefits increased 5 % for retirements on or before 7/1/85 |
| | HPORS Minimum Benefit | Established a minimum level of benefits payable to retirees (actuarially funded through system with increased employer contribution rates) |
| | MPORS Minimum Benefits | Provided for minimum benefit adjustments for post 7/1/85 retirees (to be funded directly from state's insurance premium tax fund, which is a direct offset to general fund revenues) |
| 1987 | PERS Ad Hoc COLA | Provided for 5.5 % permanent increases for persons retired prior to 7/1/86 (not funded -- therefore increased amortization period of system's unfunded liabilities) |
| 1989 | Permanent Annual Post Retirement Adjustment (PRA) for PERS, TRS, GWRS, and SRS | Automatic permanent increases tied to investment earnings above the 8 % actuarially required yield. |
| | GWRS Ad Hoc Minimum Benefit Adjustment | One-time increase for all retirees to a minimum equal to 60% of the current pay of newly hired game warden. (Paid for by extending amortization period of the system's unfunded liabilities) |
| | FURS Supplemental Benefit Adjustment | Supplemental Benefit fund established for members hired on or after 7/1/81 (Funding from state insurance premium tax fund as a direct offset to general fund revenues) |
| 1991 | Annual Lump Sum Benefit Adjustment for in-state retirees -- All Systems | Once/year payments to resident retirees to offset new taxable status of benefits (ended in 1993 when Supreme Court ruled this benefit an unconstitutional tax-offset measure) (Payments made directly from general fund to retirement boards for distribution to eligible retirees) |
| | HPORS Annual Lump Sum | Additional payments made once per year to |

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| Distribution | pre-7/1/91 retirees funded through 25 cent increase in drivers license fees |
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| 1993 PERS Ad Hoc COLA | 5% permanent benefit increase (no additional funding provided; therefore, the amortization period of system's unfunded liabilities was extended) |
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| Benefit Enhancements for Active Members: | Benefit Formula Increases/Retirement Eligible Decreases. |
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| 1981 PERS, TRS, JRS, GWRS and SRS Early Retirement Benefit Increase | Actuarial reduction for early retirement set at a fixed rate which provided higher early retirement benefits than a true actuarial reduction |
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| TRS - Early retirement | Decreased early retirement age from 55 to 50 |
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| PERS - Early retirement | Reduced eligibility age requirement from 55 to 50 years of age; added early retirement service provision of 25 years service at any age |
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| GWRS - Regular Retirement Eligibility | Reduced eligibility service requirements from 25 to 20 Terminating members with 10 or more years of service would |
| Refunds | receive interest on their refunds |

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| HPORS - Regular Retirement Eligibility | Reduced eligibility requirements from 25 years to 20 years of service (paid for by increasing employer contributions) |
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| 1983 TRS - 25 yr Normal Service Retirement | Reduced eligibility service requirements for normal retirement to 25 years at any age (from 30 years) (Paid for by increased contributions and extending amortization period of unfunded liabilities) |
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| TRS - Salary definition | Included irregular forms of remuneration in definition of compensation, thereby increasing retirement benefits |
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| 1985 All Systems -- Mandatory Retirement Age | Eliminated mandatory retirement requirements from all systems except JRS (which had no "mandatory retirement" only a penalty which consisted of losing one's retirement benefits for working beyond age 70) |
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| GWRS - Service Retirement | Decreased age eligibility requirements from 25 to 20 years |
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| | Eligibility | of service at age 50 |
| | Tax Deferral of Member Contributions -- PERS, TRS, GWRS, SRS, HPORS, and MPORS | Made employee contributions to the retirement systems "tax deferred, thus reducing state and federal taxes and increasing take home pay for members |
| 1987 | All Systems -- Service Credits | Provided full service credit for members whose service was temporarily reduced due to budget deficits (terminated 6/30/89) |
| | FURS - Tax Deferred Contributions | Made FURS employee contributions tax deferred |
| 1989 | PERS - Formula Increase | Retirement formula increased from $1/60$ to $1/56 \times \text{Yrs Service} \times \text{FAS}$ (Paid for through increased employer and employee contribution rates) |
| | PERS - Additional Service | Members can buy 1 year of additional service for each 5 years of membership service, up to 5 additional years, to be used in calculating benefits (including reducing amount of actuarial reduction for early retirement) (Paid for by member's contributions at time of purchase) |
| | TRS - Additional Service | Same as for PERS except additional service not used to reduce amount of actuarial reduction |
| | JRS - Formula Increase | Increased benefit accrual rate after 15 years of service from 1 % to 1.785 % (for retirements effective on or after 7/1/91) (Paid for by increasing district court fees collected and amounts required to be deposited in retirement system; however, the additional collections have not been sufficient to meet this statutory rate) |
| | SRS - Retirement Eligibility | Eliminated age requirements for service retirement eligibility for members elected or appointed before 7/1/89; decreased service requirements from 25 to 24; decreased age requirements for members elected or appointed on or after 7/1/89 from 55 to 50 years. Reduced age requirements for early retirement from 55 to 50 years; reduced service requirements from 20 to 15 years of service. (Funded within current structure of system) |

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| 1991 | PERS - Disability Benefits | Disability retirement benefits extended to all members, regardless of age and eligibility for early or regular service retirement; minimum disability benefit terminated; disability benefit formula increased. |
| | JRS - Tax deferred Membership expanded | Members contributions became tax-deferred contributions Chief Water Judge made eligible for membership in JRS |
| | HPORS - Formula Increase Eligibility | Increased retirement benefit formula to 2.5 % of FAS/year of service, no maximum Removed age 50 requirement from normal service retirement eligibility (Paid for by increasing employer and employee contribution rates) |
| | MPORS - Retirement Eligibility | Removed age 50 requirement from normal service retirement eligibility; provided for vested retirement benefit eligibility for those with between 10 and 20 years of service. (Paid for by increasing employer, employee and state contributions) |
| | SRS - Formula Increase | Increased retirement benefit formula from 2 % to 2.0834 % for first 24 years (resulted in half pay in 24 rather than 25 years) (paid for within current funding levels of system) |
| | FURS - Disability Benefit Increase | Increased disability retirement benefit formula by substituting "last month's salary" for "final average salary (36 month average) in the disability benefit formula for post 7/1/81 hires. (Paid for by increasing contributions from state's insurance premium tax fund, a direct offset to general fund revenues) |
| 1993 | MPORS - Formula Increase | Increased retirement benefit formula to 2.5 % of Final Comp for all years service, no maximum |
| | SRS - State justice agents | State gambling and criminal investigators were allowed to join SRS (instead of PERS) Cost of transferring PERS service to SRS to be borne by members transferring service. |
| | Family Law Orders | Allowed retirement benefits to be split and paid to alternate payees upon divorce of retirement system members or other benefit recipients |

V
Reasons for System Changes

From the foregoing analysis and material distributed to the Committee earlier, it's clear that the process of development of the various public employee retirement systems has been one of evolution. This evolution has been driven by a number of factors, including evolution of the Social Security System and the "leapfrog" effect of changes within the various state systems. Mr. Senn and Ms. King will offer comments on this topic.

Important Enactments

MONTANA PUBLIC RETIREMENT SYSTEMS

| <u>DATE</u> | <u>LAW</u> | <u>SYSTEM/PROVISIONS</u> |
|--|----------------|---|
| Teachers' Retirement System (TRS) | | |
| 1937 | Sec. 1113-1132 | Statewide Teachers' Retirement System Created |
| Original Provisions: | | Regular retirement: 60 yrs old w/5 yrs of service Mandatory Retirement: 70 years of age Benefit: Annuitized contributions PLUS: yrs of service/140 X FAS (max 25 % of FAS) (Target: 1/70 FAS per year of service) Contributions: 5 % employee; 4.5 % employer Vesting: 25 years |
| 1971 | CH 5; 57; 442 | Recodification and modernization of TRS Changed to "defined benefit" plan with "1/60" formula (half-pay at 30 years) Employer contribution rate set at 4.5 % and employee rate at 5 % of compensation. Regular retirement eligibility at age 60. |
| 1973 | CH 507 | Ad hoc COLA |
| 1975 | CH 26 | Ad hoc COLA |
| 1977 | CH 127 | Ad hoc COLA |
| 1981 | CH 396 | Decreased early retirement eligibility from 55 to 50 years of age |
| 1983 | CH 453 | Increased definition of earned compensation |
| 1985 | CH 493 | Allowed conversion of optional retirement benefits upon divorce or death of a contingent annuitant (Option 2 or 3 could increase back to Option 1 amount) |
| | CH 658 | COLA and minimum benefit payments |

Public Employees' Retirement System (PERS)

1945 Ch. 212

Statewide Public Employees' Retirement System Created

Original Provisions:

Membership Eligibility: - All public employees after 6 month probationary employment had passed, except police officers, highway patrol, and firefighters (local gov't employees by contract)

Regular Retirement: 65 yrs of age or 30 yrs service

Mandatory Retirement: 75 years of age

Benefit: Annuitized contributions PLUS:

yrs of service/140 X FAS

(Target: 1/70 FAS per year of service)

Contributions: Employer: 0%

Employee: Based on age and sex of member

Vesting: 20 years

Administered by: Board of Administration

Investments: Made by Board of Administration

Other: Retirees not allowed pay for public service after retirement

1947 CH 293

Vesting: Reduced to 10 years

Retirement eligibility: reduced to 60 yrs age w/10 yrs service

Contributions: Employer: 3%

Mandatory retirement: Elected officials & Gov. Appointees exempted

1951 Ch. 186

Eligibility: Membership from 1st day of employment

Disability Retirement: Duty related

Ordinary (w/ 10 yrs service)

1953 CH 225

Death Benefits Added

1963 CH 207

Benefit increase: 2 X Actuarial equivalent of contributions
(Target still 1/70 FAS per year of service)

1969 CH 271

Membership Eligibility: Lt. Gov. and Legislators added

Contributions: Employer increased to 4%

Early Retirement: Age 55 w/ 10 yrs service

(Actuarial equivalent annuity)

1973 CH 323

RECODIFICATION OF PERS

Defined Benefit Plan substituted: $1/65 \times \text{FAS} \times \text{Years of Service}$

Retirement Eligibility: Added age 65, regardless of service and 30 years of service, regardless of age

Contributions: Employee: 5.75% (regardless of age or sex)

Optional Forms of Benefit Payments instituted

Investments: Made by newly created Board of Investments

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| 1975 | CH 128 | Vesting period reduced from 10 to 5 years Benefit Formula Increased: $1/60 \times \text{FAS} \times \text{Years of Service}$ Contributions increased: Employee - 6%; Employer phased-in rate increase to an ultimate rate of 5.9% Interest paid on refunds COLA (first benefit increase granted: \$1/mo/year of service plus \$2/mo/year retired |
| 1977 | CH 132 Board | Board of Administration becomes Public Employees' Retirement |
| | CH 241 | Ended duty-related disability benefits COLA (75 % of index) |
| 1981 | CH 496 | Early Retirement Eligibility reduced from 55 to 50 years of age; added eligibility at 25 years of service regardless of age Early Retirement Benefit increased (reductions stated in law which provided higher benefits than "actuarial equivalents") |
| | CH 549 | COLA -- all systems: 50 cents/year of service, adjusted for early retirement and/or options |
| 1983 | CH 663 | Ad Hoc COLA |
| 1985 | CH 493 | Conversion of Optional Retirement (Option 2 or 3) back to higher Option 1 amount upon death or divorce of retiree from original contingent annuitant |
| 1987 | CH 179 | Ad Hoc COLA |
| 1989 | CH 558 | Formula Increase: (from $1/60$ to) $1/56 \times \text{FAS} \times \text{Years of service}$ |
| | CH 73 | Additional Service Purchase ("1-for-5") |
| | CH 115 | Permanent Annual Post Retirement Adjustment (tied to investment earnings above the actuarially required yield) |
| 1991 | CH 823 | State Taxation of retirement benefits 2.5 % Benefit adjustment for in-state retirees (overturned by MT Supreme Court in Sheehy II, 1993) |

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| 1993 | CH 265 | RECODIFICATION |
| | CH 367 | Ad Hoc 5 % COLA |

Highway Patrol Officers' Retirement System (HPORS)

1945 CH 37 System Created

Regular Retirement: 25 yrs service
Early Retirement: 20 yrs service
Involuntary Retirement: 10 yrs service
Mandatory Retirement: 60 years of age
Benefit: 50% of FAS at 25 years of service
(FAS average of last 5 years)
Contributions: Employer: 10%
Employee: 3.5%
Administered by: Highway Patrol Retirement Board
Investments: Made by Highway Patrol Board
Other: No continuing benefits to survivors of retirees

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| 1955 | CH 243 | FAS reduced to 3 years (from 5) (increased benefit) Contributions: Employer: 15 % Employee: 5 % Survivor's benefit increased to 50 % Allowed retirees to choose optional forms of benefits |
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| 1974 | CH 326 | Administration of System transferred to Department of Administration and Board of Administration (which became Public Employees' Retirement Board in 1977) |
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Contributions: Employee: 6.5 %
Formula Change: Benefit accrual after 25 years @ 1 % FAS per year

1981 CH 549 COLA
Contributions: Employer: 16.57%

1983 CH 663 Ad Hoc COLA

1985 CH 631 Ad Hoc COLA

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| 1987 | CH 179 | Ad Hoc COLA |
| 1989 | CH | |
| 1993 | CH 265 | RECODIFICATION |

Game Wardens' Retirement System (GWRS)

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| 1963 | CH 130 | <p>Separated from PERS System</p> <p>Administered by: Montana State Game Wardens Retirement Board (Which was same as Board of Administration)</p> <p>Regular Retirement: age 55 and 25 years of service</p> <p>Early Retirement: age 55 and 20 years of service</p> <p>Contributions: Employee--7%; Employer--7%</p> <p>Benefit: Regular: 50% of FAS at 25 years (2%/year)</p> <p>Death Benefits: Survivor's benefits ended at age 65 or after 15 years, whichever was greater</p> <p>Other: \$129,069 transferred from PERS to GWRS</p> |
| 1981 | CH 592 | <p>Regular Retirement Eligibility: Decreased from 25 to 20 years of service</p> <p>Refunds after 10 years w/interest</p> |
| 1985 | CH 249 | <p>Regular Retirement Eligibility: Decreased from age 55 to age 50</p> <p>Increased employee contributions from 7 to 7.9% of salary</p> |
| 1989 | CH 115 | <p>Permanent Annual Post Retirement Adjustment (tied to investment earnings above the actuarially required yield)</p> |
| | CH 139 | COLA |
| 1993 | CH 265 | RECODIFICATION |

Judges' Retirement System (JRS)

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| 1967 | CH 289 | <p>Separated from PERS</p> <p>Administered by: Judges' Retirement Board (Which was same as Board of Administration)</p> <p>Regular Retirement: age 65 and 5 years of service</p> <p>Penalty Retirement: Age 70 -- forfeit retirement benefit</p> |
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Contributions: Employee--6%; Employer--6 %
 Court fees: 25 % of district & supreme court fees
 Benefit: 50 % of FAS at 15 years
 (3.333 %/year plus 1 % for years over 15)

1975 CH 251

1977 CH 63; 132

1983 CH 524 Reduced involuntary retirement benefit for new members
 Increase member contributions from 6 to 7 %
 Increased district court fees deposited from 20 % to 31 % of compensation

1989 CH 664 Formula Change: Increase accrual after 15 years to 1.785 %

1993 CH 265 RECODIFICATION

Sheriffs' Retirement System (SRS)

1974 CH 178 Separated from PERS
 Administered by: Sheriffs' Retirement Board
 (Which was same as Board of Administration)
 Regular Retirement: age 55 and 25 years of service
 Early Retirement: age 55 and 20 years of service
 Mandatory Retirement: age 65
 Involuntary Retirement: after 10 years
 Contributions: Employee--7%; Employer--7.55 %
 Benefit: Regular: 50 % of FAS at 25 years (2 %/year)
 Other: Total liabilities of new system were transferred from PERS

1981 CH 105 Early Retirement benefit increased (by reducing actuarial reduction)
 COLA -- paid by Employer Contributions increase (to 7.62 %)

1985 CH 393 COLA -- 5 % increase for benefits begun on or before 7/1/85

1989 CH 115 Permanent Annual Post Retirement Adjustment (tied to investment earnings above the actuarially required yield)

CH 122 Eliminate age requirements for normal service retirement for members elected or appointed prior to 7/1/89; reduce age

requirements for normal service retirement for members elected or appointed on or after 7/1/89 from 55 to age 50; reduce service requirements from 25 to 24 years of service.

1991 CH 78
first

Retirement Formula Increased: (from 2%) to 2.0834%/year for
24 years of service
(Half-pay in 24 years)

1993 CH 265

RECODIFICATION

CH 261

Allowed state gambling and criminal investigators (justice agents)
to join system

